



ACCOUNTANTS &
BUSINESS ADVISORS



Auto Enrolment

The Facts

The law on workplace pensions has changed. Under new rules which have been phased in from October 2012, all employers are legally required to automatically enrol eligible staff into a pension scheme and pay a minimum contribution into the fund.

Staging Date

Each employer has a staging date, this is dependant on the employer's PAYE reference and the number of employees in the scheme. You can find out your staging date by entering your PAYE reference into the following link:

www.tpr.gov.uk/staging-date

There are certain exceptions where the above tool will not provide your staging date. See link below:

www.thepensionsregulator.gov.uk/employers/exceptions.aspx

Provide a point of contact

The Pension Regulator (TPR) requires you to nominate someone who will be responsible for automatic enrolment in your business. You can specify:

- A primary contact, who must be the most senior person in the organisation, for example CEO or managing director. This person receives all the letters from TPR and also emails if no secondary contact is provided.
- A secondary contact, who will manage or implement automatic enrolment. This person receives emails from TPR to help with implementation.

To nominate your contacts visit:

www.tpr.gov.uk/nominate-contact

Who to enrol

All staff must be assessed for eligibility but you may not have to automatically enrol all of them. The table below outlines your duties depending on the salary and age of your staff member:

Monthly Earnings	Age		
	From 16 - 21	From 22 - SPA*	From SPA - 74
£490 and below	Has right to join a pension scheme Entitled Worker – employer contribution is optional		
£490+ up to £833	Has a right to opt in Non-eligible Jobholder – employer must contribute		
Over £833	Has a right to opt in Non-eligible Jobholder	Automatically enrol Eligible Jobholder	Has a right to opt in Non-eligible Jobholder

Figures correct as of 2017-18. *SPA = State Pension Age

You can find out more about assessing your staff by visiting the link below:

www.tpr.gov.uk/evaluate



Auto Enrolment

Check staff records

It is essential that your staff and payroll records are correct and easily accessible before your staging date. The information required includes:

- Date of birth
- National Insurance Number
- Latest contact details

Choose a pension scheme

If you have an existing pension scheme for your workforce you should check with your provider to see if it can be used for auto enrolment.

If you need to open a new scheme make sure you approach a company in good time and don't leave it too late.

TPR website has information to help you choose a pension scheme:

www.tpr.gov.uk/scheme

Postponement

You can postpone automatic enrolment for up to three months from certain dates. You can only postpone from:

- Your staging date
- A staff members first day of employment
- The date a staff member first becomes eligible for automatic enrolment.

If you postpone from your staging date, it doesn't change your staging date.

Postponement suspends the duty of assessment and automatic enrolment and can be from 1 day up to a maximum of 3 months. It can vary by individual.

Staff whose automatic enrolment you've postponed can still choose to opt in to your pension scheme during the postponement period.

Inform your staff

You must write to all staff members to tell them how automatic enrolment affects them and about their rights. This is a legal requirement. You must write to all staff to inform them of the following:

- They have been automatically enrolled
- They are not eligible for automatic enrolment
- If you decide to postpone, or
- They are already in a qualifying pension scheme and automatic enrolment does not affect them.

You must write to your staff within 6 weeks of your staging date. After your staging date, when automatic enrolment becomes business as usual, you must write within 6 weeks of the day a new staff member joins or becomes eligible to be automatically enrolled.

Declaration of compliance

Once you have automatically enrolled your members of staff, you must complete your declaration of compliance. This must be completed within 5 months of your staging date. It is recommended to start the declaration as soon as you can and add the information as it becomes available. Employers may receive a penalty fine if they register late.

Maintain records

You must keep records of any automatic enrolment activities. This includes the information you send to your pension provider and copies of any opt-out requests that you receive.

You must keep these records for a minimum of 6 years (except for records of opt outs which you must keep for 4 years).

Pay regular contributions

Qualifying earnings can be used when calculating pension contributions. For the 2017/18 tax year this is between £5,876 and £45,000 a year. If you use qualifying earnings to work out contributions you'll contribute a percentage of a worker's gross annual earnings that fall between these figures.

For automatic enrolment there are minimum contributions that you must pay. The following table shows the legal minimum contribution requirements:

Date	Employer minimum contribution	Total minimum contribution
Before March 2018	1%	2%
Apr 18 - Mar 19	2%	5%
Apr 19 onwards	3%	8%

Monitor all staff

During each pay period you will need to assess your employees to see whether you have any new starters or employees whose circumstances have changed and may now be entitled to be automatically enrolled.

Opt in, joining and opt out requests

Staff who have been automatically enrolled have a right to opt out of the pension scheme and staff who haven't been automatically enrolled can choose to opt in or join your pension scheme.

An employee who wants to opt out must do so within one calendar month of being enrolled (the opt out period). These employees are entitled to a refund which should be processed through their next payroll.

If an employee decides to leave after the opt out period, they simply leave the scheme and are not entitled to a refund (unless the scheme rules state they should).

Re-enrolment

Every three years you will need to re-enrol any staff who have opted out back into your pension scheme providing they are still eligible.

You are also required to complete a re-declaration with TPR every three years at your re-enrolment date.



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See how we can help you

For a no obligation discussion on how RMT Accountants & Business Advisors' expert team could make managing your business's payroll responsibilities easier and more efficient, please contact Louise Downes on 0191 256 9500, or visit www.r-m-t.co.uk/payroll-specialists for further information.

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